Leo Pharmaceutical Products Ltd A/S (Lovens kemiske Fabrik Produktionsaktieselskab) v Kotra Pharma (M) Sdn Bhd

HIGH COURT (MELAKA) — SUIT NO 1–22–57 OF 2001
LOW HOP BING J
13 JANUARY 2009

Trade Marks — Infringement of — Action by registered proprietor — Elements to be established in action for infringement — Likelihood of confusion — Whether proof of actual confusion necessary

Trade Marks — Passing off — Elements of — Reputation or goodwill — Misrepresentation — Damage to business or goodwill — Whether passing-off established

Trade Marks — Registered trademark — Expungement — Discretion of court to expunge trademark, how exercised — Whether expungement could be refused to avoid likelihood of confusion

Trade Marks — Registered trademark — Expungement — Words used as name or description of an article, substance or service — Whether trademark derived from single chemical element or single chemical compound — Trade Marks Act 1976 s 33(4)

Trade Marks — Registered trademark — Rectification — Application for rectification on grounds of fraud — Fraud, definition of — Whether ordinary grammatical meaning applied — Whether necessary to particularise fraud complained of — Whether fact that a person is registered proprietor of a trademark constitutes prima facie evidence of validity of original registration of trademark — Trademark registered for more that 7 years — Whether valid in all respects — Trade Marks Act 1976, ss 36, 37

Trade Marks — Registered trademark — Rectification — Impugned trademark a 'portmanteau word' — Whether such trademark ought to be taken as a whole — Whether trademark distinctive and registrable

Trade Marks — Registration — Prohibitions to — International non-proprietary names — Whether Trade Marks Act 1976 prohibited registration of international

non-proprietary names as trademarks — Whether WHO guidelines on international non-proprietary names part of the Trade Marks Act 1976

The plaintiff manufactured and distributed prescription based antibiotic preparations containing fucidic acids bearing the trademarks 'FUCIDIN' and 'FUCICORT'. The trademarks were registered under Class 5 in respect of pharmaceutical and veterinary preparations. The plaintiff's trademarks had been registered for more than seven years and had been renewed. The defendant manufactured and sold in Malaysia, pharmaceutical products bearing the marks 'AXCEL FUSIDIC' and 'AXCEL FUSI-CORTE' ('the defendant's marks'). The get-up and packaging of the defendant's products bearing the defendant's marks were different from the plaintiff's products bearing the plaintiff's marks. The plaintiff sued the defendant for infringement of the plaintiff's trademarks and for passing off of pharmaceutical products, not being the plaintiff's, as and for the plaintiff's. The defendant counterclaimed to rectify, invalidate and expunge the plaintiff's trademark registrations on various grounds.

Held, allowing the plaintiff's action for infringement and passing off with costs and dismissing the defendant's counterclaim with costs:

(1) The burden of proof was on the defendant to establish any of the grounds pleaded in its counterclaim (see para 20); *Ronuk Ltd v Sin Thye Hin & Co* [1962] MLJ 383 and *Industria De Diseno Textil SA v Edition Concept Sdn Bhd* [2005] 3 MLJ 347 352 referred.

(2) With regard to the first ground of fraud by the plaintiff, the defendant had failed to discharge the burden of proving fraud. The word 'fraud' in s 37 of the Trade Marks Act 1976 ('the Act') is not defined in the Act, and therefore the word's ordinary, popular grammatical and dictionary meaning would apply. The word 'fraud' involves, inter alia, actual deception or omission by word or deed and intention to deceive, but in the instant case, the defendant's counterclaim did not particularise the plaintiff's actual deception and intention to deceive. The defendant merely made general averments that did not constitute deception as a recognised category of fraud. Further, pursuant to s 36 of the Act, the fact that a person is the registered proprietor of the trademark constitutes prima facie evidence of the validity of the original registration of the trademark. Also by virtue of s 37 of the Act, the plaintiff's trademarks which had been registered for more than seven years, were not open to challenge. The plaintiff's marks were thus valid in all respects (see paras 25, 27 & 37); *Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd* [1997] 4 MLJ 504; [1997] 1 CLJ

Supp 52; *Bentley v Lagonda* (1947) 64 RPC 33; *Farley (Aust) Pty Ltd v TR Alexander Sons (Q) Pty Ltd* (1946) 75 CLR 487; *Earl Selborne Wallingford v Mutual Society* [1880] 5 App Cas 685 and *Dow Hager Lawrence v Lord Norreys* (1890) 15 App Cas 210 referred.

(3) The Malaysian Trade Marks Act 1976, unlike the Indian Trade Marks Act 1999, does not prohibit the registration of trademarks which are international non-proprietary names ('INNs') or confusingly similar to INNs. In the absence of statutory enactment, the INN Guidelines issued by WHO in 1997 cannot become part of the Malaysian Trade Marks Act 1976. In the instant case, as the plaintiff's trademarks FUCIDIN and FUCICORT were not 'fusidic acid' and 'corticosteroid' respectively, they were registrable (see paras 34, 35 & 36).

(4) The words 'FUCIDIN' and 'FUCICORT' were invented words which had no meaning. The word 'FUCICORT' is a 'portmanteau word', ie a word that is formed by blending two dictionary and generally descriptive words. The word 'FUCICORT' was derived from the words 'fusidic acid' and 'corticosteroid' and thus was a distinctive and registrable trademark. It is trite law trademark should not be dissected but should be taken as a whole. Thus, any approach to dissect 'FUCIDIN' into 'fuci' and 'din' and 'FUCICORT' into 'fuci' and 'cort' would run counter to such trite law (see paras 43 & 52); *Eastern Photographic Material Co's Application* (1898) 15 RPC 476 followed.

(5) In the instant case, 'fusidic acid' is the accepted name or generic term for the chemical element of the FUCIDIN product, whereas 'corticosteroid' is the accepted name or generic term for the chemical element of the FUCICORT product. Thus, concerning the defendant's application to expunge the plaintiff's trademarks under s 33(4) of the Act, s 33(4) would only apply if FUCIDIN and FUCICORT are the commonly used and accepted names of any 'single chemical element or single chemical compound', and not used as brand names at all. These elements were missing in the instant case (see paras 56 & 57).

(6) The defendant's claim that the plaintiff's products had lost distinctiveness was devoid of merit. The defendant had failed to discharge the burden of proving this ground. Both FUCIDIN and FUCICORT are in fact recognised by authoritative medical and pharmaceutical literature as the plaintiff's trademarks. The plaintiff's marks are still trademarks and source indicators. If anyone other than the plaintiff were to use them for their pharmaceutical products, the members of public will inevitably think they are the plaintiff's products (see paras 65 & 129).

(7) The defendant's argument that since the use of the plaintiff's trademarks on products suggested those products contained fusidic acid

and/or corticosteroid, it would cause confusion to the public if the marks were used on goods which did not contain such ingredients, was speculative. The plaintiff had never used its marks on pharmaceutical products that did not contain fusidic acid and corticosteroid (see para 73).

(8) The discretion whether to expunge a trademark or not is a principled discretion which must be exercised judicially, having regard to established judicial principles and all the facts and circumstances of the case, including the public interest. In the instant case, the expungement of 'veterinary preparations' from the plaintiff's trademark registration would lead to the possibility that the defendant or some third party may begin to use the 'FUCIDIN' mark in respect of the 'expunged goods'; thereby creating confusion in the market as to the origin of such pharmaceutical products. It is therefore in the public interest that confusion in pharmaceutical products should be eliminated or minimised (see para 77). *Industria De Diseno Textil SA v Edition Concept Sdn Bhd* referred.

(9) Despite its allegations, the defendant failed to establish that the plaintiff had unlawfully interfered with its (defendant's) trade or that the plaintiff had used unlawful means in relation to its (plaintiff's) trademarks. Since the plaintiff's trademarks were duly registered under the Trade Marks Act 1976, the plaintiff enjoyed proprietary rights over the goodwill generated through the extensive use of the plaintiff's trademarks. Being the bona fide proprietor of the trademarks, the plaintiff had every right to enforce such rights, in which case, the plaintiff could not be regarded as using unlawful means (see para 81).

(10) For the plaintiff to succeed in its action against the defendant for trademark infringement, the plaintiff had to establish: (a) that the defendant was neither the registered proprietor nor the registered user of the trademarks; (b) the defendant used marks identical with or so nearly resembling the plaintiff's registered trademarks as were likely to deceive or cause confusion; (c) the defendant was using the offending marks in the course of trade; (d) the defendant was using the offending marks in relation to goods or service within the scope of the registration; and (e) the defendant used the offending marks in such a manner as to render the use likely to be taken either as being used as trademarks or as importing a reference to the registered proprietor or the registered user or to their goods or services. In the instant case, the High Court found that prima facie, the defendant had infringed the plaintiff's trademarks (see paras 84 & 86); *Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port & Ors* [1988] 1 MLJ 188; [1989] 1 CLJ Rep 537 and *A Clouet & Co Pte Ltd v Maya Toba Sdn Bd* [1996] 1 MLJ 251 referred.

(11) Whether a mark or word is used as a trademark must be viewed objectively. The defendant could not escape infringement by establishing that it was not intended that the mark was to function as a trademark. A generic or descriptive name can perform the dual function of indicating both the characteristics and the trade origin of the goods. Further, a generic term may through usage acquire a secondary meaning and therefore function as a trademark. A fortiori, a non-descriptive term such as 'Fusidic' and 'Fusi-corte' (see para 95).

(12) The plaintiff in a trademark infringement case is only required to show a likelihood of confusion as opposed to actual confusion. A likelihood of confusion is sufficient to attract liability. In the instant case, the defendant's contention that there was no likelihood of confusion was unsustainable. Further, the circumstances of the instant case have given rise to the reasonable inference that the defendant did intend to cash in on the popularity of the plaintiff's trademarks (see paras 98 & 109); *Parker-Knoll International* [1962] RPC 265 referred.

(13) Whether or not a term is used as a descriptive term must be answered objectively by looking at the ways it is actually used and the perception of the relevant members of the public of its use. A term may be used in such a way that it is serving the dual function of descriptiveness and trademark, to show the characteristics of the goods and at the same time to indicate trade origin. A descriptive term is normally used to describe a noun. In the instant case, the words 'FUSIDIC' and 'FUSI-CORTE', which had no plain meaning at all, were in fact not used as bona fide descriptive terms (see para 110 & 114); *The European Limited v The Economist Newspaper Limited* [1998] FSR 283 referred.

(14) In the instant case, in order to establish passing-off, the plaintiff had to prove: (a) that the plaintiff had sufficient reputation or goodwill in the FUCIDIN and FUCICORT trademarks; (b) that the action of the defendant in using the 'AXCEL FUSIDIC' and 'AXCEL FUSI-CORTE' marks were likely to and/or have actually caused misrepresentation; and (c) that the plaintiff had suffered or was likely to suffer damage or injury to its business or goodwill as a result of the defendant's misrepresentation. On the facts, the plaintiff had proved its case of trademark infringement and passing off against the defendant (see paras 116 &141).

[Bahasa Malaysia summary

Plaintif membuat dan mengedar preskripsi berdasarkan penyediaan-penyediaan antibiotik yang mengandungi asid fusidic yang mempunyai tanda dagangan 'FUCIDIN' dan 'FUCICORT'. Tanda-tanda dagangan tersebut telah didaftarkan di bawah Kelas 5 berkaitan

penyediaan-penyediaan farmaseutikal dan veterinar. Tanda-tanda dagangan plaintif telahpun didaftarkan lebih daripada tujuh tahun dan telah diperbaharui. Defendan membuat dan menjual di Malaysia, produk-produk farmaseutikal yang mempunyai tanda-tanda dagangan 'AXCEL FUSIDIC' and 'AXCEL FUSI-CORTE' ('tanda-tanda defendan'). Cara gaya dan pembungkusan produk-produk defendan yang mempunyai tanda-tanda defendan berbeza daripada produk-produk plaintif yang mempunyai tanda-tanda plaintif. Plaintif telah menyaman defendan kerana melanggar tanda-tanda dagangan plaintif dan kerana kelirupaan produk-produk farmaseutikal, yang bukan milik, sebagai dan untuk plaintif. Defendan telah menuntut balas untuk membetulkan, mentaksahkan dan memotong pendaftaran-pendaftaran tanda dagangan plaintif atas pelbagai alasan.

Diputuskan, membenarkan tindakan plaintif untuk pelanggaran dan kelirupaan dengan kos dan menolak tuntutan balas defendan dengan kos:

(1) Beban bukti terletak atas defendan untuk membuktikan apa-apa alasan yang diplidkan dalam tuntutan balasnya (lihat perenggan 20); *Ronuk Ltd v Sin Thye Hin & Co* [1962] MLJ 383 dan *Industria De Diseno Textil SA v Edition Concept Sdn Bhd* [2005] 3 MLJ 347 352 dirujuk.

(2) Berhubung alasan pertama tentang fraud oleh plaintif, defendan telah gagal untuk melepaskan beban membuktikan fraud. Perkataan 'fraud' dalam s 37 Akta Cap Dagangan 1976 ('Akta') tidak didefinisikan dalam Akta, dan oleh itu maksud biasa, tatabahasa dan kamus yang popular akan terpakai. Perkataan 'fraud' melibatkan, antara lain, penipuan atau peninggalan sebenar melalui perkataan atau perbuatan dan niat untuk menipu, tetapi dalam kes ini, tuntutan balas defendan tidak memperincikan penipuan dan niat sebenar plaintif untuk menipu. Defendan semata-mata membuat penegasan umum yang tidak membentuk penipuan seperti yang terangkum dalam kategori fraud. Seterusnya, menurut s 36 Akta, hakikat bahawa seseorang itu pemilik berdaftar tanda dagangan membentuk keterangan prima facie kesahan pendaftaran asal tanda dagangan tersebut. Juga menurut s 37 Akta, tanda-tanda dagangan plaintif yang telahpun didaftarkan lebih daripada tujuh tahun, tidak terbuka untuk dicabar. Tanda-tanda plaintif oleh itu sah dalam semua aspek (lihat perenggan 25, 27 & 37); *Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd* [1997] 4 MLJ 504; [1997] 1 CLJ Supp 52; *Bentley v Lagonda* (1947) 64 RPC 33; *Farley (Aust) Pty Ltd v TR Alexander Sons (Q) Pty Ltd* (1946) 75 CLR 487; *Earl Selborne Wallingford v Mutual Society* (1880) 5 App Cas 685 dan *Dow Hager Lawrence v Lord Norreys* (1890) 15 App Cas 210 dirujuk.

(3) Akta Cap Dagangan 1976 Malaysia, tidak seperti Akta Cap Dagangan 1999 India, tidak menghalang pendaftaran tanda-tanda dagangan yang mempunyai nama-nama bukan proprietari antarabangsa ('NBPA') atau yang mengelirukan sama dengan NBPA. Dengan ketiadaan enakmen statutori, garis panduan NBPA yang dikeluarkan oleh WHO dalam tahun 1997 tidak boleh menjadi sebahagian daripada Akta Cap Dagangan 1976 Malaysia. Dalam kes ini, memandangkan tanda-tanda dagangan FUCIDIN dan FUCICORT plaintif masing-masingnya bukan 'fusidic acid' dan 'corticosteroid', ianya boleh didaftarkan (lihat perenggan 34, 35 & 36).

(4) Perkataan-perkataan 'FUCIDIN' dan 'FUCICORT' merupakan perkataan-perkataan yang direka tanpa apa-apa maksud. Perkataan 'FUCICORT' merupakan 'portmanteau word', iaitu perkataan yang terbentuk dengan menggabungkan dua kamus dan perkataan-perkataan deskriptif secara umumnya. Perkataan 'FUCICORT' berasal daripada perkataan-perkataan 'fusidic acid' dan 'corticosteroid' dan oleh itu tanda dagangan yang berbeza dan boleh didaftarkan. Adalah undang-undang nyata tanda dagangan tidak patut dipisahkan tetapi patut diambil secara keseluruhan. Oleh itu, apa-apa pendekatan untuk memisahkan 'FUCIDIN' kepada 'fuci' dan 'din' dan 'FUCICORT' kepada 'fuci' dan 'cort' adalah bertentangan dengan undang-undang nyata yang sedemikian (lihat perenggan 43 & 52); *Eastern Photographic Material Co's Application* [1898] 15 RPC 476 diikut.

(5) Dalam kes ini, 'fusidic acid' merupakan nama yang boleh diterima atau terma generik untuk elemen kimia produk FUCIDIN, manakala 'corticosteroid' merupakan nama yang boleh diterima atau terma generik untuk elemen kimia produk FUCICORT. Oleh itu, berkaitan permohonan defendan untuk memotong tanda-tanda dagangan plaintif di bawah s 33(4) Akta, s 33(4) hanya terpakai jika FUCIDIN dan FUDICORT merupakan nama-nama biasa digunakan dan diterima oleh mana-mana 'single chemical element or single chemical compound', dan tidak langsung digunakan sebagai nama-nama jenama. Elemen-elemen berikut tiada dalam kes ini (lihat perenggan 56 & 57).

(6) Tuntutan defendan bahawa produk-produk plaintif tidak mempunyai perbezaan tiada merit. Defendan telah gagal untuk melepaskan beban untuk membuktikan alasan ini. Kedua-dua FUCIDIN dan FUCICORT pada hakikatnya dikenali oleh bahasa perubatan dan farmaseutikal yang autoritatif sebagai tanda-tanda dagangan plaintif. Tanda-tanda plaintif masih tanda-tanda dagangan dan penunjuk-penunjuk sumber. Jika sesiapa selain plaintif menggunakannya sebagai produk-produk farmaseutikal mereka, tidak boleh dielakkan jika orang awam berfikir yang produk-produk tersebut adalah produk-produk plaintif (lihat perenggan 65 & 129).

(7) Defendan berhujah bahawa memandangkan penggunaan tanda-tanda dagangan plaintif pada produk-produk tersebut mencadangkan produk-produk tersebut mengandungi asid fusidik dan/atau kortikosteroid, ia mungkin menyebabkan kekeliruan kepada orang awam jika tanda-tanda tersebut digunakan pada barangan yang tidak mengandungi kandungan sedemikian, adalah spekulatif. Plaintif tidak pernah menggunakan tanda-tandanya pada produk-produk farmaseutikal yang tidak mengandungi asid fusidik dan kortikosteroid (lihat perenggan 73).

(8) Budi bicara sama ada untuk memotong tanda dagangan atau tidak merupakan budi bicara yang berprinsip, yang perlu digunakan secara adil, berdasarkan prinsip-prinsip kehakiman yang ditetapkan dan semua fakta dan keadaan kes, termasuklah kepentingan awam. Dalam kes ini, pemotongan 'veterinary preparations' daripada pendaftaran tanda dagangan plaintif akan membawa kepada kemungkinan bahawa defendan atau pihak ketiga yang mungkin ingin menggunakan tanda 'FUCIDIN' berkaitan dengan 'expunged goods'; yang mana akan menyebabkan kekeliruan di pasaran sebagai berasal daripada produk-produk farmaseutikal tersebut. Dengan itu demi kepentingan awam sebarang kekeliruan tentang produk-produk farmaseutikal patut dilenyapkan atau dikurangkan (lihat perenggan 77); *Industria De Diseno Textil SA v Edition Concept Sdn Bhd* dirujuk.

(9) Meskipun pengataan-pengataannya, defendan gagal membuktikan bahawa plaintif telah campur tangan yang melanggar undang-undang dengan dagangannya (defendan) atau bahawa plaintif telah menggunakan cara secara salah berkaitan tanda-tanda dagangannya (plaintif). Memandangkan tanda-tanda dagangan plaintif telahpun didaftarkan di bawah Akta Cap Dagangan 1976, plaintif menikmati hak-hak proprietari ke atas nama baik yang wujud melalui penggunaan meluas tanda-tanda dagangan plaintif. Sebagai tuan punya bona fide tanda-tanda dagangan tersebut, plaintif mempunyai hak untuk menguatkuasakan hak-hak tersebut, di mana dalam kes ini, plaintif tidak boleh dianggap sebagai menggunakan sumber yang melanggar undang-undang (lihat perenggan 81).

(10) Untuk plaintif berjaya dalam tindakannya terhadap defendan kerana pelanggaran tanda dagangan, plaintif perlu membuktikan: (a) bahawa defendan bukan tuan punya berdaftar mahupun pengguna berdaftar tanda-tanda dagangan tersebut; (b) defendan menggunakan tanda-tanda yang sama dengan atau hampir serupa dengan tanda-tanda berdaftar plaintif yang mungkin memperdayakan atau menyebabkan kekeliruan; (c) defendan menggunakan tanda-tanda salah sepanjang dagangan; (d) defendan menggunakan tanda-tanda salah berkaitan barangan atau perkhidmatan yang terangkum dalam skop pendaftaran;

dan (e) defendan menggunakan tanda-tanda salah dalam cara yang menyebabkan penggunaan tersebut mungkin dianggap seperti digunakan sebagai tanda-tanda dagangan atau sebagai bermaksud merujuk kepada tuan punya berdaftar atau pengguna berdaftar kepada barangan atau perkhidmatan mereka. Dalam kes ini, Mahkamah Tinggi mendapati bahawa secara prima facie, defendan telah melanggar tanda-tanda dagangan plaintif (lihat perenggan 84 & 86); *Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port & Ors* [1988] 1 MLJ Rep 188; [1989] 1 CLJ Rep 537 dan *A Clouet & Co Pte Ltd v Maya Toba Sdn Bd* [1996] 1 MLJ 251 dirujuk.

(11) Sama ada tanda atau perkataan digunakan sebagai tanda dagangan hendaklah dikaji secara objektif. Defendan tidak dapat lari daripada pelanggaran dengan membuktikan bahawa ia tidak bermaksud yang tanda tersebut hendaklah berfungsi sebagai tanda dagangan. Nama generik atau deskriptif boleh melaksanakan dua fungsi menunjukkan kedua-dua ciri-ciri dan asal dagangan barangan. Tambahan, terma generik boleh melalui penggunaan mendapat maksud kedua dan oleh itu berfungsi sebagai tanda dagangan. A fortiori, terma bukan deskriptif seperti 'Fusidic' and 'Fusi-corte' (lihat perenggan 95).

(12) Plaintif dalam kes pelanggaran tanda dagangan hanya perlu menunjukkan kemungkinan kekeliruan dan bukan kekeliruan sebenar. Kemungkinan kekeliruan memadai untuk meletakkan liabiliti. Dalam kes ini, hujah defendan bahawa tiada kemungkinan kekeliruan tidak boleh kekal. Tambahan, keadaan kes ini menimbulkan inferens munasabah bahawa defendan memang bermaksud untuk membuat keuntungan daripada popularity tanda-tanda dagangan plaintif (lihat perenggan 98 & 109); *Parker-Knoll International* [1962] RPC 265 dirujuk.

(13) Sama ada terma yang digunakan sebagai terma deskriptif perlu dijawab secara objektif dengan melihat kepada cara ia digunakan sebenarnya dan persepsi masyarakat awam berkaitan kegunaannya. Suatu terma boleh digunakan dalam cara yang mana ia melaksanakan dua fungsi deskriptif dan tanda dagangan, untuk menunjukkan ciri-ciri barangan dan pada masa sama menunjukkan asal dagangan. Terma deskriptif biasanya digunakan untuk menerangkan kata nama. Dalam kes ini, perkataan-perkataan 'FUSIDIC' dan 'FUSI-CORTE', yang tidak langsung mempunyai maksud biasa, sememangnya tidak digunakan sebagai terma-terma deskriptif (lihat perenggan 110 & 114); *The European Limited v The Economist Newspaper Limited* [1998] FSR 283 dirujuk.

(14) Dalam kes ini, bagi tujuan membuktikan kelirupaan, plaintif perlu membuktikan: (a) bahawa plaintif mempunyai reputasi atau nama baik yang memadai dalam tanda-tanda dagangan FUCIDIN dan

FUCICORT; (b) bahawa tindakan defendan menggunakan tanda-tanda 'AXCEL FUSIDIC' dan 'AXCEL FUSI-CORTE' mungkin dan/atau memang telah menyebabkan gambaran yang salah; dan (c) bahawa plaintif telah mengalami atau mungkin mengalami kerugian atau terjejas perniagaan atau nama baiknya akibat daripada gambaran defendan yang salah. Berdasarkan fakta, plaintif telah membuktikan kes pelanggaran tanda dagangan dan kelirupaannya terhadap defendan (lihat perenggan 116 & 141).]

Notes

For cases on elements of passing off, see 12 *Mallal's Digest* (4th Ed, 2008 Reissue) paras 1865–1872.

For cases on expungement of registered trademark, see 12 *Mallal's Digest* (4th Ed, 2008 Reissue) paras 1922–1937.

For cases on infringement of trademark generally, see 12 *Mallal's Digest* (4th Ed, 2008 Reissue) paras 1784–1820.

For cases on rectification of registered trademark, see 12 *Mallal's Digest* (4th Ed, 2008 Reissue) paras 1942–1946.

For cases on registration of trademark generally, see 12 *Mallal's Digest* (4th Ed, 2008 Reissue) paras 1949–1963.

Cases referred to

A Clouet & Co Pte Ltd v Maya Toba Sdn Bd [1996] 1 MLJ 251, HC (refd)

AG Spalding & Bros v AW Gamage Ltd (1915) 32 RPC 273, HL (refd)

Bentley v Lagonda (1947) 64 RPC 33, HC (refd)

Burroughs, Wellcome & Co's Trade Marks (1904) 21 RPC 217, FC (refd)

Dow Hager Lawrence v Lord Norreys (1890) 15 App Cas 210, HL (refd)

Earl Selborne Wallingford v Mutual Society (1880) 5 App Cas 685, HL (refd)

Eastern Photographic Material Co's Application (1898) 15 RPC 476, HL (refd)

Electrolux v Electrix Ltd & Anor (1954) 71 RPC 23, CA (refd)

European Limited, The v The Economist Newspaper [1998] FSR 283 (refd)

Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port & Ors [1988] 1 MLJ 188; [1989] 1 CLJ Rep 537, HC (refd)

Farley (Aust) Pty Ltd v TR Alexander Sons (Q) Pty Ltd (1946) 75 CLR 487 (refd)

Ford v Foster (1872) LR 7 Ch App 611, CA (refd)

Fraser & Neave Ltd v Yeo Hiap Seng Ltd [1982] 1 MLJ 122, HC (refd)

Hallgarten (1948) 66 RPC 105 (refd)

HP Bulmer Ltd & Showerings Ltd v J Bollinger SA & Champagne Lanson Pere et Fils [1976] RPC 79, CA (refd)

H & R Johnson (Malaysia) Bhd v H & R Johnson Tiles Limited & Anor [1995] 2 CLJ 581, HC (refd)

Industria De Diseno Textil, SA v Edition Concept Sdn Bhd [2005] 3 MLJ 347, HC (refd)

James Minifie & Co v Edwin Davey & Sons (1933) 49 CLR 349 (refd)

A *Joseph Crosfield & Sons Ltd's Application* (1909) 26 RPC 561, CA (refd)
Legal and General Assurance Society Ltd v Daniel [1968] RPC 253 (refd)
Lovens Kemiske Fabrik Ved A Konsted's Application for Registration of Trade Mark 'Leocillin', Re [1953] MLJ 215, HC (refd)
'Malted Malt' in Horlick's Malted Milk Company v Summerskill (1916) 33
B RPC 108, CA (refd)
Manganin [1967] RPC 271, HL (refd)
'Memo Plus' in OZE Marketing Sdn Bhd v Twenty First Century Products Sdn Bhd [1999] 4 MLJ 449, HC (refd)
'Office Cleaning' (found in Office Cleaning Services Ltd v Westminster Window
C *& General Cleaners Ltd)* (1946) 63 RPC 39, HL (refd)
Parker-Knoll International [1962] RPC 265, CA (refd)
Reckitt & Colman Products v Borden Inc [1990] 1 All ER 873, HL (refd)
Ronuk Ltd v Sin Thye Hin & Co [1962] MLJ 383, HC (refd)
Sandow's Ltd's Application (1914) 31 RPC 196 (refd)
D *Scotch Whisky Association & Anor, The v Ewein Winery (M) Sdn Bhd* [1999] 6 MLJ 280, HC (folld)
Seet Chuan Seng v Tee Yee Jia Manufacturing Pte Ltd [1994] 2 MLJ 770, SC (refd)
E *Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors* [2004] 4 MLJ 358, CA (refd)
Tastee-Freeze [1960] RPC 255 (refd)
Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd [1997] 4 MLJ 504; [1997] 1 CLJ Supp 52, HC (refd)
F *Wrigley's (Australasia) Ltd v Life Savers (Australasia) Ltd* (1936) 37 SR (NSW) 9 (refd)

Legislation referred to

Companies Act 1965
G Trade Marks Act 1976 ss 10(1)(d), 14,(1)(a), 33(4), 36, 37, 38(1)
Trade Marks Act 1999 [IND] s 13(b)

Teo Bong Kwang (Azrul Hamid with him) (Wong Jin Nee & Teo) for the plaintiff.
Wendy Lam Mei Kuan (V Chong W Wendy) for the defendant.
H

Low Hop Bing J:

CLAIM AND COUNTERCLAIM

I **[1]** The plaintiff's claim is based on:

(a) the infringement of its registered trademarks viz 'FUCIDIN' (registration No 85/04916) and 'FUCICORT' (registration No M/90043) in Class 5 in respect of pharmaceutical and veterinary

preparations on 7 November 1985 and 3 April 1981 respectively (collectively 'the plaintiff's trademarks'); and

(b) passing off or attempted passing off of pharmaceutical products, not being of the plaintiff's, as and for the plaintiff's.

[2] The defendant has in turn made a counterclaim for rectification, to invalidate and expunge the registration of the plaintiff's trademarks, and for damages arising from unlawful interference with the defendant's trade or business.

AGREED FACTS

[3] The plaintiff is a corporation, incorporated in Denmark. Its principal place of business is at 55, Industriparken, DK-2750, Batterup, Denmark. The plaintiff carries on the business of manufacturing and distributing, inter alia, antibiotic preparations containing fucidic acids bearing the trademarks.

[4] The defendant is a private limited company incorporated under the Companies Act 1965. Its registered office is at 535B, Jalan Merdeka, Melaka Raya, 75000 Melaka. Its business address is at Lot 1, Jalan TTC, Cheng Industrial Estate, 75250 Melaka. The defendant carries on the business of manufacturing and sales of pharmaceutical and healthcare products.

[5] The plaintiff's trademarks have been registered for more than seven years and have been renewed. The pharmaceutical products bearing the plaintiff's trademarks are prescription drugs.

[6] The defendant manufactures, sells and offers for sale in Malaysia pharmaceutical products bearing the marks 'AXCEL FUSIDIC' and 'AXCEL FUSI-CORTE' ('the defendant's marks'). The defendant had supplied to Farmasi Sri Damansara Arah Raya Sdn Bhd of No 26-G Jalan Tanjung SD13/1, Bandar Sri Damansara, 52200 Kuala Lumpur at least one tube each of the pharmaceutical products bearing the defendant's marks.

[7] The defendant's products prominently display the word 'KOTRA' beneath the defendant's marks with the defendant's name and address prominently printed in black, whereas the plaintiff's products prominently display the device of a lion with the word 'LEO' beneath it.

[8] The get-up of the defendant's product bearing the words 'AXCEL FUSI-CORTE' is clearly different from the plaintiff's in that the packaging

displays blue horizontal stripes, on the top of the box, which run from left to right and green horizontal stripes running from the centre to the right margin of the box.

[9] The get-up of the plaintiff's product bearing the word 'FUCIDIN' is different from the defendant's in that the packaging which has a predominant white background displays a prominent red vertical stripe, which is printed towards the middle of the box.

[10] The get-up of the plaintiff's product bearing the word 'FUCICORT' is different from the defendant's in that the packaging which has a predominant white background displays a prominent red and yellow vertical stripe, which are printed towards the middle of the box.

[11] The words used by the defendant are spelt with the alphabet 'S' in 'FU*S*IDIC' and the alphabets 'S' and 'E' in 'FU*S*I-CORT*E*', with a hyphen, whereas the plaintiff's trademarks are spelt with the alphabets 'C' and 'N' in 'FUCIDIN', and with the alphabet 'C' but without the alphabet 'E' in 'FUCICORT', without any hyphen.

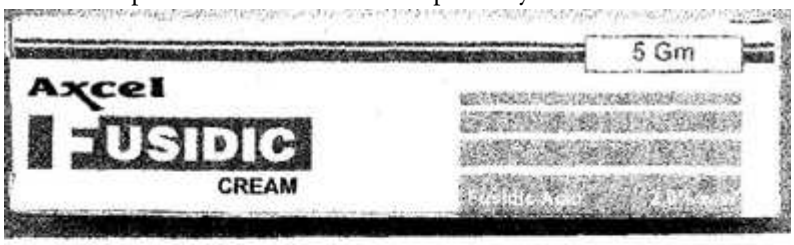
FINDING OF FACTS FROM EVIDENCE

[12] In addition to the above agreed facts, I shall now unfold my finding of facts, on the basis of the evidence adduced.

[13] The plaintiff is a fully integrated pharmaceutical company owned by the LEO Foundation which is an independent private foundation; its objective is to develop and promote the plaintiff's position as an independent pharmaceutical group of companies with its own research, development, manufacturing, distribution, sales and marketing.

[14] The plaintiff has been promoting and selling pharmaceutical products bearing the trademark 'FUCIDIN' and 'FUCICORT' in the following get-up respectively:

[15] The get-up of the defendant's AXCEL FUSIDIC and AXCEL FUSICORTE products are as follows respectively:



[16] I shall include other relevant facts as found in the evidence, where

A necessary, below.

COMPLEX ISSUES

B **[17]** In the instant case, the evidence and submissions reveal complex and overlapping issues which will have far-reaching and immense implications vis-a-vis the pharmaceutical industry.

[18] For brevity and convenience, a reference to a section hereinafter is a C reference to that section in the Trade Marks Act 1976 unless otherwise stated.

THE DEFENDANT'S COUNCERCLAIM AND BURDEN OF PROOF

D **[19]** The defendant's counterclaim sought to rectify, invalidate and expunge the plaintiff's trademark registrations, on the ground that they:

(a) were obtained by fraud;

(b) E are not, at the commencement of the proceedings, distinctive of the plaintiff's goods or services;

(c) offend against s 14; or

(d) were not used in respect of certain goods, namely, veterinary F preparations.

[20] In this regard, the burden of proof is on the defendant, as the challenger, to establish any of the above grounds: *Ronuk Ltd v Sin Thye Hin & Co* [1962] MLJ 383 at p 384 D–E (HC) Singapore; *Industria De Diseno Textil, SA v Edition Concept Sdn Bhd* [2005] 3 MLJ 347 (HC), *Trade Mark* G *Law and Practice in Malaysia* (2001) at p 201 by Teo Bong Kwang; and *Kerly's Law of Trade Marks and Trade Names* (12th Ed) (Sweet & Maxwell, 1986) at p 206, para 11–67.

H **[21]** Each of the above grounds and related issues shall be considered below.

FRAUD

I **[22]** In imputing fraud to the plaintiff, learned counsel Miss Wendy Lam Mei Kuan contended that the plaintiff had defrauded the registrar of trademarks ('the registrar') that 'FUCIDIN' and 'FUCICORT' were registrable as trademarks when the plaintiff was aware that it was not entitled to do so.

[23] The plaintiff's learned counsel Mr Teo Bong Kwang cited *Kerly's Law of Trade Marks and Trade Names* at pp 177–178 para 11–04 and responded that the defendant's submission is not sustainable. A

[24] In my judgment, it is to be noted that the word 'fraud' in s 37 has not been defined in the Trade Marks Act 1976. Hence, its ordinary, popular grammatical and dictionary meaning applies (see eg *Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd* [1997] 4 MLJ 504 at pp 521–522; [1997] 1 CLJ Supp 52 at pp 69–70, per RK Nathan JC (as he then was)). B C

[25] 'Fraud' involves actual deception or omission by word or deed (see eg *Bentley v Lagonda* (1947) 64 RPC 33 (HC) at pp 35 and 75 per Roxburg J; *Farley (Aust) Pty Ltd v TR Alexander Sons (Q) Pty Ltd* (1946) 75 CLR 487 at p 492 per Williams J; *Tiga Gajah Cho Heng Sdn Bhd*). D

[26] The elements of fraud are:

(a) an actual deception and intention to deceive;

(b) an actual injury or possible injury by means of deceit; and E

(c) actual knowledge that the act was calculated to injure one's neighbour.

(See *Tiga Gajah Cho Heng Sdn Bhd*).

[27] In the instant case, the defendant's counterclaim did not plead nor particularise the plaintiff's actual deception and intention to deceive. It merely avers generally that: F

(a) the plaintiff was and is at all material times well aware that the plaintiff's trademarks are descriptive of the chemical compound used in the products bearing the trademarks 'FUCIDIN' and 'FUCICORT'; and G

(b) the use of the plaintiff's trademarks closely resembles the words 'fusidic acid' and 'corticosteroid'.

[28] I am of the view that the above averments do not constitute deception as a recognised category of fraud: *Bentley v Lagonda*; *Tiga Gajah Cho Heng Sdn Bhd*; *Earl Selborne Wallingford v Mutual Society* (1880) 5 App Cas 685 697; *Dow Hager Lawrence v Lord Norreys* (1890) 15 App Cas 210 (HL); P Narayanan, *Law of Trade Marks and Passing Off* ((6th Ed) Eastern Law House) at p 903. H I

[29] Pursuant to s 36, the fact that a person is the registered proprietor of the trademark shall be prima facie evidence of the validity of the original registration of the trademark.

[30] In addition, s 37 provides that the validity of the plaintiff's trademarks which have been registered for more than seven years is no longer open to challenge. FUCIDIN and FUCICORT were registered as trademarks in Malaysia on 7 November 1985 and 3 April 1981 respectively. These trademarks are therefore valid in all respects, unless there is evidence to attract the application of the grounds relied on by the defendant.

[31] It is my finding that the defendant has failed to discharge the burden of proving fraud on the part of the plaintiff.

GENERIC NAMES OR INN

[32] The defendant raised the issue of generic names or international non-proprietary name (INN) and contended that 'FUCIDIN' and 'FUCICORT' are unregistrable since they bear deceptive or close visual and aural resemblence to fusidic acid, the active pharmaceutical ingredient ('API') in the plaintiff's product. The defendant relied on the INN Guidelines issued by the World Health Organisation and argued that FUCIDIN and FUCICORT have violated the requirements of INN and are therefore invalid.

[33] The plaintiff did not dispute that 'fusidic acid' and 'corticosteroid' are generic names or INNs, but responded that the defendant's contention is incorrect, as the INN Guidelines do not form part of the Trade Marks Act 1976, and are inapplicable.

[34] In my judgment, our Trade Marks Act 1976 does not prohibit the registration of trademarks which are INNs or confusingly similar to INNs. This stands as a sharp contrast to s 13(b) of the Indian Trade Marks Act 1999 which contains such a prohibition and where relevant reads:

> 13 Prohibition of registration of names of chemical elements or international non-proprietary names
>
> No word —
>
> (a) ...
>
> (b) which is declared by the World Health Organisation and notified in the prescribed manner by the Registrar from time to time, as an international non-proprietary name or which is deceptively similar to such name,
>
> shall be registered as a trade mark ...

[35] The INN Guidelines issued by the World Health Organisation in 1997 contain general explanations of the INN selection process. In the absence of statutory enactment, the guidelines cannot become part and parcel of our Trade Marks Act 1976.

[36] As the plaintiff's trademarks, FUCIDIN and FUCICORT, are not 'fusidic acid' and 'corticosteroid' respectively, they are registrable.

DESCRIPTIVENESS OF FUCIDIN AND FUCICORT

[37] The defendant maintained that the plaintiff's trademarks were registered in violation of s 10(1)(d), as they are descriptive of fusidic acid and corticosteroid.

[38] The plaintiff denied running foul of s 10(1)(d), as the words 'FUCIDIN' and 'FUCICORT' are invented words which have no meaning, just like the word 'fusidic' alone has no meaning.

[39] I would resolve these conflicting contentions on the basis of the relevant evidence of SP3 and SP6, adduced for the plaintiff; and of SD5 for the defendant.

[40] SP3, Gerhard Thomson, the plaintiff's consultant with more than 40 years experience in the pharmaceutical industry admitted that 'fuci' is derived from fusidic acid but is not descriptive. He disagreed that 'Fucidin' and 'Fucicort' resemble the spelling of their API. He also rejected the suggestion that the plaintiff adopted 'Fucidin' as a trademark which so closely resembles its API as to unlawfully maintain a monopoly in marketing these antibiotics. He explained that although 'fuci' is derived from fusidic acid, 'fuci' per se has no meaning and therefore cannot describe anything. He also testified as follows:

> FUCIDIN is an invented word but I believe the idea has its source from the generic term 'fusidic acid' which in fact is a chemical compound.
>
> The idea, during the selection and coining of 'Fucidin' and 'Fucicort' trademarks, was to invent a word or words that would be distinctive of the plaintiffs antibiotics. These words may have a similarity to the chemical compound of the products but it is in no way a description or a generic name. It is common practice for pharmaceutical companies to adopt or invent trademarks which are based upon the compounds found in the drug. For instance, 'Amoxil' which is derived from amoxicillin, 'Clozaril' from Clozapine, 'Adenocor' from Adenosine and 'Vancocin' from Vancomycin. It is obvious that 'Fucidin' and 'Fuicicort' are words that are substantially different from 'fusidic acid' and 'betamethasone-17-valerate'.

[41] The evidence of Rohaya bt Leman ('SP6'), a licensed pharmacist, also confirmed that the plaintiff's trademarks are not descriptive.

[42] However, defendant's regulatory affairs manager ('SD5'), while admitting that 'fucidin' is just a product name, added that it is descriptive.

[43] I accept the evidence of SP3 and SP6. I find that 'FUCICORT' is a 'portmanteau word' ie a word which is formed by telescoping two dictionary and generally descriptive words. FUCICORT is derived from the words 'fusidic acid' and 'corticosteroid', and so is a distinctive and registrable trademark (see *Kerly on Trade Marks and Trade Names* (12th Ed) para 8–27 list of 'portmanteau marks').

[44] In *Hallgarten* (1948) 66 RPC 105, the British Assistant Comptroller held that 'Whisqueur' is an invented word, notwithstanding its derivation from the words 'whisky' and 'liqueur' (see also Dr Shanahan, *Australian Law of Trade Marks and Passing Off* (2nd Ed) (Law Book, 1990) at p 96 and the list of portmanteau words listed therein).

[45] An INN is of course not registrable as a trademark since it is generic in nature and it cannot be monopolised by any trader, as members of public may use it. However, this does not prevent pharmaceutical trademark applicants from choosing names which allude to INN (such as AMOXIL for amoxicillin) or even trying to secure registration of a trademark which is as close as it can be to the forbidden INN (see Jeremy Philips, *Trade Mark Law: A Practical Anatomy*, para 16.05 at pp 545–546).

[46] A trademark cannot be directly descriptive but it need not be absolutely unsuggestive. In *Kerly on Trade Marks and Trade Names*, para 8–29, it is said that almost every immediately attractive trademark is, in some sense, descriptive or laudatory of the goods and so in some degree has reference to their character or quality. The difficulty is to decide whether that reference is a direct reference: one that seriously affects the word's capacity for distinguishing goods from a particular source, as distinct from the sort of reference that can be found only as an academic exercise: *'Tastee-Freeze'* [1960] RPC 255 at p 258.

[47] In *Burroughs, Wellcome & Co's Trade Marks* (1904) 21 RPC 217, the English Court of Appeal held that the word 'Tabloid' or 'Tabloids' as not descriptive, but a distinctive fancy word not in common use.

[48] Words containing covert and skilful allusion to the character or quality of the goods involved are still registrable: *Joseph Crosfield & Sons Ltd's*

Application (1909) 26 RPC 561; *Eastern Photographic Material Co's Application* (1898) 15 RPC 476 at p 483 line 30 (HL) per Lord Macnaghten. A

[49] A word or term, even a descriptive one, can still qualify as a trademark so long as it is distinctive or capable of being distinctive. In *Joseph Crosfield*, at p 857, Fletcher Moulton LJ referred to the fallacy in 'the assumption that there is a natural and innate antagonism between distinctive and descriptive as applied to words, and that if you can show that a word is descriptive, you have proved that it cannot be distinctive. ... Descriptive names may be distinctive or vice versa. No words are, as a class, more directly and intentionally distinctive than proper names, and yet originally they were usually, if not invariably, descriptive in all languages... The natural tendency to use descriptive words as names still exists, since nicknames — the only names that are invented — are usually descriptive. There is, therefore, no natural or necessary incompatability between distinctiveness and descriptiveness in the case of words used as trademarks'. B C D

[50] A generic term or a common word can even acquire a secondary meaning and become a distinctive trademark, as in the common phrases 'Head and Shoulder' but are very distinctive marks. It is also the case with 'Dove' and 'Follow me'. Hence, to qualify as a trademark, the mark need not be totally devoid of descriptive connotation. E

[51] It is trite law that a trademark should not be dissected but should be taken as a whole. For instance in *Eastern Photographic Material Co's Application*, at p 483, Lord Halsbury LC remarked that Solio' is not 'Sol' and 'Sol' is not 'Solio'. It was not enough that one part of the mark ('Sol') had a definite meaning. The House of Lords held that 'Solio' is an invented word and is registrable as such. F G

[52] Any approach which tends to dissect 'Fucidin' into 'Fuci' and 'din' and 'Fucicort' into 'Fuci' and 'cort' would run counter to the ratio in *Eastern Photographic Material Co's Application*. Hence, I am unable to sustain the submission presented for the defendant. H

COMMONLY USED WORD: S 33(4)

[53] The defendant also sought to expunge the plaintiff's trademarks under s 33(4). I

[54] In reply, the plaintiff contended that s 33(4) does not provide for a recognised head or ground for expunging a trademark which has been registered for more than seven years, and that it is only applicable if

'FUCIDIN' and/or 'FUCICORT' have become words which are commonly used and accepted names of any single chemical element or single chemical compound.

[55] I would first refer to s 33(4) which reads:

> (4) No word which is the commonly used and accepted name of any single chemical element or single chemical compound, as distinguished from a mixture, shall be registered as a trade mark in respect of a chemical substance or preparation except that this subsection shall not have effect in relation to a word which is used to denote only a brand or make of the element or compound as made by the proprietor or a registered user of the trade mark as distinguished from the element or compound as made by others and in association with a suitable name or description open to the public use.

[56] It is my finding that 'fusidic acid' is the accepted name or generic term for the chemical element or API of FUCIDIN product, and 'corticosteroid' is the accepted generic term for one of the chemicals found in the FUCICORT product. INN only lists 'Fusidic acid' and 'Corticosteroid', both of which are entered in the National Essential Drugs List, but, as SP3 has testified, the word 'Fusidic' cannot stand alone. The commonly used and accepted term for the active ingredient of the 'FUCIDIN' product is 'fusidic acid' and not 'FUCIDIN'. The word 'cort' is commonly used to refer to 'corticosteroid'; and fusidic acid and corticosteroid are the only practicable names to describe the relevant chemical substances.

[57] I hold that the correct INNs are 'fusidic acid' and 'corticosteroid' but not 'FUCIDIN' or 'FUCICORT'. To establish that fusidic acid and corticosteroid are commonly used names for certain chemical substances is far from establishing that FUCIDIN or FUCICORT are the equivalent of such terms. Section 33(4) will only apply if 'FUCIDIN' and 'FUCICORT' are 'the commonly used and accepted names of any single chemical element or single chemical compound'; and are not used as brand names at all. Both these elements are obviously missing here (see *Kerly's Law of Trade Marks and Trade Names* (12th Ed) (Sweet & Maxwell, 1986) paras 10–45; and '*Manganin*' [1967] RPC 271 (HL)).

DISTINCTIVENESS

[58] The defendant further sought expungement on the ground that the plaintiff's trademarks were not, at the commencement of the rectification proceedings in 2001, distinctive of the plaintiffs goods or services.

[59] The plaintiff contended that the plaintiff's trademarks are definitely associated with the plaintiff. A

[60] In my judgment, the defendant bears the burden of proving that the plaintiff's trademarks have lost their distinctiveness at the time when the present suit was launched in 2001. For this purpose, it is essential to refer to the evidence adduced at the trial and the law applicable thereto. B

[61] The defendant's witnesses viz Khong Lai Bun ('SD1'), Neo Tan Fong ('SD2'), Dr Lai Poon Fook ('SD4'), the defendant's regulatory affairs manager Gan Ching Ching ('SD5') and SD6 testified that the plaintiff is the manufacturer of FUCIDIN cream and ointment; and that FUCIDIN and FUCICORT are the plaintiff's trademarks. The defendant's reliance on the evidence-in-chief of Dr Lai Poon Fook ('SD4') to prove loss of distinctiveness has been weakened by SD4's evidence under cross-examination which reveals that pharmaceutical products bearing the plaintiffs trademarks are the plaintiff's products and trademarks. Although SD4 claimed that he had dispensed medicines by their generic names, he could not provide the generic names of the steroid found in 'Fusi-corte'. He could not give the generic names of common pharmaceutical products such as AUGMENTIN or NORVASC as well. All he said was that he needed 'to refer to the book'. In my view, his evidence does not support the contention advanced for the defendant. C D E

[62] Rohaya bt Leman ('SP6'), a licensed pharmacist, testified that 'FUCIDIN' and 'FUCICORT' are the plaintiff's products. Another pharmacist ('SP9') who is working for a generic drug manufacturer, Pharmaniaga, confirmed that 'FUCIDIN' and 'FUCICORT' are the plaintiff's trademarks. The plaintiff's consultant ('SP3') testified to the same effect. F G

[63] On the evidence, I hold that the defendant has failed to discharge the burden of proving this ground. My view is further fortified by the relevant sources of reference. Both 'FUCIDIN' and 'FUCICORT' are recognised by *Martindale — The Extra Pharmacopeaia* (13th Ed) as the plaintiff's proprietary names. Similar recognition is to be found in the authoritative reference, *A Dictionary of Medicines* (published by Oxford University Press) which recognises 'FUCIDIN' as the plaintiff's trademark. *The Concise Medical Dictionary* (5th Ed) also recognises 'FUCIDIN' as a trade name. *The Concise Medical Dictionary, Dictionary of Science* and *A Dictionary of Medicines*, *Martindale Exra Pharmacopeia* also recognise FUCIDIN and FUCICORT as the plaintiff's trademarks. They distinguish the INN ie 'fusidic acid' from the proprietary names FUCIDIN and FUCICORT both of which belong to the plaintiff. H I

[64] The test for determining whether a trademark has become generic or juris publicis (common property) has been spelt out by Mellish LJ in *Ford v Foster* (1872) LR 7 Ch App 611 at p 628 and applied by Sinnathurai J of the Singapore High Court in *Fraser & Neave Ltd v Yeo Hiap Seng Ltd* [1982] 1 MLJ 122 at pp 125 and 126 as follows:

> A word which was originally a trademark, to the exclusive use of which a particular trader, or his successors in trade may have been entitled, may subsequently become publisi juris ... What is the test ... I think the test must be, whether the use of it by other persons is still calculated to deceive the public, whether it may still have the effect of inducing the public to buy goods not made by the original owner of the trademark as if they were his goods. If the mark has come to be so public and in such universal use that nobody can be deceived by the use of it, and can be induced from the use of it to believe that he is buying the goods of the original trader, it appears to me, however hard to some extent it may appear on the trader, yet practically, as the right of a trademark is simply the right to prevent the traders from being cheated by other persons' goods being sold as his goods through the fraudulent use of the trademark, the right to the trademark must be gone.

[65] In the instant case, the two trademarks 'FUCIDIN' and 'FUCICORT' are still trademarks, and as such are source indicators. If anyone (other than the plaintiff) were to use them for their pharmaceutical products, the members of public will inevitably think they are the plaintiffs products. Hence, the defendant's claim of loss of distinctiveness is devoid of merit.

PACKAGE INSERT

[66] The defendant contended that the plaintiff has used 'FUCIDIN' in a descriptive manner such as 'fucidin-sensitive' in some of its product inserts.

[67] The plaintiff argued that this usage was due to a mistake which has been duly corrected.

[68] I accept the evidence of the plaintiff's consultant SP3 to the effect that it is a clear mistake to use the words 'fucidin-sensitive' as the correct version should have been 'organisms sensitive to fusidic acid'. The plaintiff has been in contact with its registration department in Singapore and the insert has been changed in 2001. The change was approved in 2003.

[69] Shakilah Begum d/o Mohammad Mujtaba Hassan ('SP8'), the plaintiff's regional regulatory affairs manager at the material time, testified that the corrections to the package inserts were approved by the Drug Control Authority of the National Pharmacetical Control Bureau of the Ministry of Health Malaysia, in October 1999, as shown in exh P90. I am

therefore unable to find any merit in the defendant's contention.

CONFUSION TO PUBLIC

[70] The defendant relied on s 14(1)(a) and stressed that since the plaintiff's trademarks suggest that the goods bearing the marks contain fusidic acid and/or corticosteroid, it will cause confusion to the relevant public if these marks are used on goods which do not contain such ingredients.

[71] The plaintiff's response is that the defendant's argument is premised upon the assumption that 'FUCIDIN' and 'FUCICORT' are in fact descriptive.

[72] Section 14(1)(a), where relevant, prohibits the registration of a mark as a trademark if eg its use is likely to cause confusion to the public.

[73] In my view, the defendant's argument is hypothetical or speculative in nature. The plaintiff has never used the 'FUCIDIN' and 'FUCICORT' trademarks in relation to pharmaceutical products which do not contain fusidic acid or corticosteroid. In fact, the plaintiff's products do contain fusidic acid ('FUSIDIN' cream or ointment) and fusidic acid and corticosteroid ('FUCICORT' cream). I am therefore unable to sustain the defendant's argument based on s 14(1)(a).

NON-USE OF 'FUCIDIN' IN VETERINARY PREPARATIONS

[74] The defendant raised the issue that the plaintiff has not used the 'FUCIDIN' trademark for veterinary preparations and urged the court to expunge it.

[75] The plaintiff took the position that it had used the 'FUCIDIN' trademark in respect of 'pharmaceutical preparations'.

[76] I am of the view that the discretion whether or not to expunge a trademark is a principled discretion which must be exercised judicially, having regard to established judicial principles and all the facts and circumstances of the case, including public interest: *Industria De Diseno Textil SA v Edition Concept Sdn Bhd*, at p 356 per Ramly J.

[77] In the instant case, the expungement of 'veterinary preparations' from the plaintiff's trademark registration would lead to the possibility that the defendant or some third parties may begin to use the 'FUCIDIN' mark in

respect of the 'expunged goods'; thereby creating confusion in the market as to the origin of such pharmaceutical products. It is therefore in the public interest that confusion in pharmaceutical products should be eliminated or minimised.

UNLAWFUL INTERFERENCE WITH TRADE

[78] The defendant's counterclaim is also based on the tort of unlawful interference with the defendant's trade or business. Evidence was adduced through the defendant's managing director ('SD6') to the effect the plaintiff's trademarks are too close to the generic names and the accepted pharmacological names of the relevant chemical substances, thereby giving the plaintiff exclusive use of not only the words constituting the trademarks, but also the generic name and the commonly accepted pharmacological name, to the extent that other generic manufacturers are ultimately deprived of their right to use the generic names for their products.

[79] The plaintiff submitted that the defendant's contention is baseless as the plaintiff is not against the defendant's use of proper generic name or INNs (eg fusidic acid) as generic drug manufacturers. The plaintiff is prepared to accept the use of 'fusidic acid' by the defendant.

[80] Under this head of the defendant's counterclaim, I am of the view that the burden is on the defendant to establish that:

(a) the plaintiff has interfered with the defendant's trade or business;

(b) the plaintiff has used unlawful means;

(c) the plaintiff's intention was to injure the defendant; and

(d) the defendant has actually been injured by the plaintiff.

(See *H & R Johnson (Malaysia) Bhd v H & R Johnson Tiles Limited & Anor* [1995] 2 CLJ 581 at p 591 per Zakaria Yatim J (later FCJ)).

[81] It is crucial to consider whether the defendant has succeeded in establishing that the plaintiff has used an unlawful means in relation to the plaintiff's trademarks. As the plaintiff's trademarks were duly registered pursuant to the provisions of the Trade Marks Act 1976, the plaintiff enjoys proprietary rights over the goodwill generated through the extensive use of the plaintiff's trademarks. Being the bona fide proprietor of the trademarks, the plaintiff has every right to enforce such rights, in which case, the plaintiff cannot be regarded as using unlawful means. Hence, the defendant has failed to discharge the burden of proof.

DECISION ON COUNTERCLAIM

[82] In the circumstances, the defendant's counterclaim is hereby dismissed with costs.

THE PLAINTIFF'S CLAIM FOR INFRINGEMENT

[83] The law regulating the infringement of a trademark is enacted in s 38(1) which reads:

> 38 Infringement of a trade mark
>
> (1) A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or registered user of the trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken either —
>
> (a) as being use as a trade mark;
>
> (b) in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular, or other advertisement, issued to the public, as importing a reference to a person having the right either as registered proprietor or as registered user to use the trade mark or to goods with which the person is connected in the course of trade; or
>
> (c) in a case in which the use is use at or near the place where the services are available or performed or in an advertising circular or other advertisement issued to the public, as importing a reference to a person having a right either as registered proprietor or as registered user to use the trade mark or to services with the provision of which the person is connected in the course of trade.

[84] In order to succeed in this cause of action, it is incumbent upon the plaintiff to prove that:

(a) the defendant is neither the registered proprietor nor the registered user of the trademark;

(b) the defendant used a mark identical with or so nearly resembling the plaintiff's registered trademark as is likely to deceive or cause confusion;

(c) the defendant was using the offending mark in the course of trade;

A (d) the defendant was using the offending mark in relation to goods or service within the scope of the registration; and

(e) the defendant used the offending mark in such a manner as to render the use likely to be taken either as being used as a trademark or as importing a reference to the registered proprietor or the registered user or to their goods or services.

B

(See *Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port & Ors* [1988] 1 MLJ 188 at pp 191–192; [1989] 1 CLJ Rep 537 at pp 540–541 per Zakaria Yatim J (later FCJ) and applied by the same judge in *A Clouet & Co Pte Ltd v Maya Toba Sdn Bd* [1996] 1 MLJ 251 at p 258 (HC)).

C

[85] The facts as alluded to above reveal that:

(1) the plaintiff is the registered owner of trademarks 'FUCIDIN' and 'FUCICORT';

D

(2) the goods of the plaintiff and the defendant are the same ie antibiotics for skin infection; and

(3) the subject matter of the suit ie antibiotics for skin infection come under Schedule C poisons that can be sold by way of prescription either by a doctor or a pharmacist.

E

[86] I find that prima facie the defendant has infringed the plaintiff's trademarks.

F

DECEPTIVE RESEMBLANCE

[87] The defendant's first line of defence is that the plaintiff's trademarks of 'FUCIDIN' and 'FUCICORT' and the defendant's marks of 'FUSIDIC' or 'AXCEL FUSIDIC', 'FUSI-CORTE' or 'AXCEL FUSI-CORTE' are not confusingly similar. The defendant further argued that:

G

(a) the defendant's trademark for its generic range of products is 'AXCEL' and not 'AXCEL FUSI-CORTE'; and

H

(b) it will combine its AXCEL brand with the name of the API of each mixture, based on the recommended international non-proprietary names (rINN).

I

[88] The plaintiff submitted that:

(a) the defendant's naming of the subject products here is not in line with what they have stated to be their standard naming system as the rINN for the API for the AXCEL FUSIDIC product is 'fusidic acid' and not FUISIDIC; and

(b) the word 'FUSI-CORTE' is not a generic name or rINN at all.

[89] The above contentions have to be considered in the light of the evidence. At least two witnesses regarded the defendant's trademarks as 'Fusi-corte' and 'Fusidic' and not 'Axcel' at all. The first witness, Suraya Hani bt Sharifudin ('SP5'), a dispenser at Farmasi Haneem in Kuantan, wrote a receipt and the defendant's product was referred to simply as 'Fusidic' when a trap purchase was made there. The second witness, Rohaya bt Leman ('SP6'), a licensed pharmacist referred to the defendant's products as 'Fu-si-dic' dan 'Fu-si-cort' which appear on the package thereof. SP6 did not refer to 'Axcel Fusidic' or 'Axcel Fusi-corte'.

[90] Dr Lai Poon Fook ('SD4') and Gan Ching Ching ('SD5') also testified that since the defendant has more than 69 types of generic products prefixed with the word 'AXCEL', it is necessary to have a mark or a name for each product in order to specify the product name when they place an order.

[91] Yau Ming Kong ('SP1'), the Country Manager of Leo Pharma Malaysia, identified 'Fusidic' and 'Fusi-corte' as the product marks, and 'AXCEL' as the house mark of the defendant. He explained that:

(a) The defendant has clearly adopted the house mark and product mark system of naming their pharmaceutical products. The marks 'AXCEL', 'Fusidic' and 'Fusi-corte' appear in different lines with different background colour; 'Fusi-corte' and 'Fusidic' being the most conspicuous features of the two get-ups of the defendant;

(b) In the pharmaceutical industry, a pharmaceutical company will have the main trademarks or house marks, eg as 'Leo' and the lion device for the plaintiff; and the many types of drugs it produces are identifiable by different names;

(c) The product name will be the product mark; and

(d) The house mark and product mark will both appear on the packaging but prominence will be given to the product mark as it is the practice of the pharmaceutical industry to order drugs by their product marks.

[92] In my judgment, it is noticeable that the defendant originally registered its products as 'Axcel Fucidic' with the National Drugs Control Bureau of the Ministry of Health Malaysia.

[93] The spelling for 'fusidic acid' as adopted by authoritative references such as *Oxford Dictionary of Medicines*, *Concise Medical Dictionary*, and *Martindale — The Extra Pharmacopoea* is with an 's' and not a 'c'. Only the plaintiff adopted 'FUCI' as part of the trademarks such as FUCITHALMIC,

FUCIBET, FUCICORT and FUCIDIN. The original registration of AXCEL FUCIDIC by the defendant was indicative of an intention to cash in on the reputation of the plaintiff's trademarks.

[94] Whether a mark or word is used as a trademark must be viewed objectively. The defendant cannot escape infringement by establishing that it was not intended that the mark is to function as a trademark: *Wrigley's (Australasia) Ltd v Life Savers (Australasia) Ltd* (1936) 37 SR (NSW) 9; *James Minifie and Co v Edwin Davey and Sons* (1933) 49 CLR 349; Shanahan, *Australian Law of Trade Marks and Passing Off* (2nd Ed) (The Law Book, 1990) at p 334.

[95] Even a generic or descriptive name can perform the dual function of indicating both the characteristics and the trade origin of the goods. Further, a generic term may through usage acquire a secondary meaning and therefore function as a trademark. A fortiori, a non-descriptive term such as 'Fusidic' and 'Fusi-corte': *The European Limited v The Economist Newspaper* [1998] FSR 283, at pp 291–292; *Lionel Bently & Brad Serman, Intellectual Property* (2nd Ed) (Oxford University Press, 2004) at p 925.

[96] In the circumstances, I sustain the submission presented for the plaintiff.

CONFUSION OR LIKELIHOOD

[97] In the second line of defence, the defendant denied any confusion among the four trademarks, while the plaintiff argued that it has proved confusion or likelihood thereof.

[98] In my view, the plaintiff in a trademark infringement case is only required to show a likelihood of confusion as opposed to actual confusion. A likelihood is sufficient to attract liability: *Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors* [2004] 4 MLJ 358 para [21] (CA); s 38(1).

[99] With particular reference to the likelihood of confusion pertaining to pharmaceutical products, the following special rules apply:

(a) The degree of similarity required to prove likelihood of confusion will vary with the degree of differences in goods and services. Where the goods or services are directly competitive, the degree of similarity required to prove likelihood of confusion is small and vice versa: see P Narayanan, *Law of Trade Marks and Passing Off* (6th Ed) (Eastern Law House, 2004) at pp 396–397;

(b) The requirement of likelihood of confusion is generally lower in cases where drugs or pharmaceutical products are involved since human life and health may be at stake; and

(c) Even though the goods may be prescription drugs, the rule regarding lesser degree of likelihood of confusion for medical product should control over the supposed 'sophistication' of physicians and pharmacists.

[100] In considering the likelihood of confusion, the following factors are relevant:

(a) the idea of the mark;

(b) the elements of the mark;

(c) imperfect recollection of the mark by customers or purchasers;

(d) the aural as well as the visual aspect of a customer towards the mark; and

(e) all the circumstances of the trade.

[101] This defence raised for the defendant must be determined on the basis of the evidence adduced: see *Electrolux v Electrix Ltd & Anor* (1954) 71 RPC 23 at p 31 (CA), per Sir Raymond Evershed MR. On the evidence, the likelihood of confusion arises in the conflation of plaintiff's and defendant's trademarks. In the sale of the defendant's products to the plaintiff's investigator ('SP2') the receipt ('exh P91'), issued by Liew Chien Sze ('SP4'), a licensed pharmacist with four years practice, shows that she conflated the trademarks of the plaintiff and the defendant, in describing the defendant's product as 'AXCEL FUCIDIN' and 'AXCEL FUCICORT'. SP4 also agreed that there is a possibility of misspelling 'FUCIDIN' and 'FUSIDIC', as well as between 'FUSICORT' and 'FUSI-CORTE'; and that the possibility is quite common because most pharmaceutical products have similar pronunciations.

[102] The likelihood of confusion is not necessarily confined to a situation where a customer is confused into buying one thing in mistake for another. It also extends to a situation where a customer merely identifies or confuses the product of producer A with that of producer B: *Sandow's Ltd's Application* (1914) 31 RPC 196, cited with approval in *Re Lovens Kemiske Fabrik Ved A Konsted's Application for Registration of Trade Mark 'Leocillin'* [1953] MLJ 215 at p 219.

[103] A dispenser ('SP5') and a licensed pharmacist ('SP6') respectively testified to the possibility of confusion among the four marks.

[104] The defendant's contention, confining the 'relevant public' to doctors and pharmacists who prescribe and dispense the products, appears to be a narrow approach. Judicial pronouncements prove otherwise. Indeed all the relevant circumstances must be looked at. The consideration should not stop at doctors and pharmacists only: *Re Loven Kemiske Fabrik Ved*. Further considerations include the practical reality in which the drugs are dealt with. In the instant case, the dispenser ('SP5') did administer and deal with prescription drugs to the plaintiff's investigator.

[105] Although SD1 testified that from his experience in the Melaka Hospital, there was no confusion between the subject marks, nevertheless, under cross-examination, he clarified that the Melaka Hospital did not stock all the four products, and agreed that:

(a) 'FUCIDIN' can be mistakenly read as 'FUSIDIC' or vice versa;

(b) 'FUCICORT' can be mistakenly read as 'FUSI-CORTE' or vice versa; and

(c) there is a possibility of doctors and pharmacists being confused beween the 'FUCIDIN' and 'FUSIDIC' trademarks.

[106] Wong Foot Pin ('SD3'), a pharmacist from Melaka, agreed that it is quite common for him to encounter instances where consumers ordered a medicine orally in his pharmacy and that it is difficult to know which product a customer is referring to when the word 'Fusicort' was verbalised. SD3 did not dispute the fact that:

(a) he dispensed pharmaceutical products in response to a verbal request from customers or pursuant to written prescriptions;

(b) once a customer is acquainted with the pharmaceutical product, it is natural for him to order the product by its trademark or brand name; and

(c) he has encountered instances where doctors' prescriptions were scribbled, in which case there is a possibility that 'Fucidin' may be mistakenly read as 'Fusidic' or vice versa.

[107] The defendant's managing director ('SD6') agreed that:

(1) there is a possibility that doctors and pharmacists may misread a prescription; and

(2) doctors may scrawl or scribble when writing their prescriptions for drugs.

[108] In the instant action, I have considered that the goods in question are prescription drugs which were dispensed or dealt with by licensed pharmacists or pharmacists' assistants (eg SP5 herein who is a dispenser) and doctors tend to scribble their prescriptions. Further, the phonetics of the marks ie between FUCIDIN and FUSIDIC, FUCICORT and FUSI-CORTE are almost indistinguishable (see *Re Lovens Kemiske Fabrik Ved A Konsted's Appliction for Registration of Trade Mark 'Leocililn*). In the circumstances, I hold that the defendant's contention that there is no likelihood of confusion is unsustainable.

INTENTION TO DECEIVE

[109] While it is not necessary for the plaintiff to prove that the defendant has the intention to deceive, due weight must be given to such evidence, if any: *Parker-Knoll International* [1962] RPC 265 at p 273. The circumstances of the instant case have given rise to the reasonable inference that the defendant did intend to cash in on the popularity of the plaintiff's trademarks when the defendant applied to register the names 'AXCEL FU*C*IDIC CREAM' with the National Drugs Control Bureau.

BONA FIDE USE OF 'FUSIDIC' AND 'FUSI-CORTE'

[110] It was argued that the defendant had bona fide used the marks 'Fusidic' or 'Fusi-corte' as descriptive terms.

[111] The plaintiff's short answer is that 'Fusidic' and 'Fusi-corte' are not descriptive terms.

[112] This issue has been ventilated and considered earlier in this judgment relating to the defendant's counterclaim. In addition to my views as expressed above, it is to be noted that the defendant has given prominence to the words 'Fusidic' and 'Fusi-corte' by almost four times the size of the other wording found in the packaging and enclosed within a very contrasting blue frame. This clearly demonstrates that these two words are intended to be the most important features of the get-ups and serve as source indicators, being names given to differentiate the defendant's products from the products of others.

[113] Whether or not a term is used as a descriptive term must be answered objectively by looking at the ways it is actually used and the perception of the relevant members of the public of its use. A term may be used in such a way that it is serving the dual function of descriptiveness and trademark, to show the characteristics of the goods and at the same time to indicate trade origin: *The European Limited v The Economist Newspaper Limited*.

[114] The defendant's claim that 'Fusidic' and 'Fusi-corte' are descriptive terms is not supported by the other features in the defendant's packaging which reveals that the names of the pharmaceutical products or compounds are clearly identified as 'Fusidic Acid' and 'Fusidic Acid, 'Betamethasone 17-Velarate'. The word 'CREAM' in much smaller print is used beneath them. A descriptive term is normally used to describe a noun. In the instant case, the words 'Fusidic' and 'Fusi-corte' and the word 'cream' are not used together or in one line with the same print. Hence, the more reasonable inference is that they are not intended to be used as descriptive terms. I therefore hold that words 'FUSIDIC' and 'FUSI-CORTE', which have no plain meaning at all, are in fact not used as bona fide descriptive terms.

PASSING OFF

[115] In *Reckitt & Colman Products v Borden Inc* [1990] 1 All ER 873, the House of Lords held that in order to establish an action for passing off, the plaintiff must prove the following 'classical trinity':

(a) that he has sufficient reputation or goodwill in the mark, trademark, get-up or other indicia in question in this country;

(b) that the actions of the defendants are likely to and/or have actually caused misrepresentation; and

(c) that he has suffered or is likely to suffer damage or injury to his business or goodwill as a result of the defendant's misrepresentation.

(See also *Seet Chuan Seng v Tee Yee Jia Manufacturing Pte Ltd* [1994] 2 MLJ 770 (SC))

[116] With specific reference to the instant action, based on passing off, the plaintiff must prove:

(a) that the plaintiff has sufficient reputation or goodwill in the indicia of origin ie FUCIDIN and FUCICORT trademarks;

(b) that the action of the defendant in using the marks 'AXCEL FUSIDIC' and 'AXCEL FUSI-CORTE' are likely to and/or have actually caused misrepresentation; and

(c) that the plaintiff has suffered or is likely to suffer damage or injury to its business or goodwill as a result of the defendant's misrepresentation.

[117] The first element ie the plaintiff's reputation and goodwill in 'Fucidin' and 'Fucicort' merits consideration now.

[118] The plaintiff is a well-established international manufacturer and distributor of pharmaceutical products. It started to manufacture and

distribute pharmaceutical products bearing the FUCIDIN and FUCICORT marks since 1962 and 1987 respectively. A

[119] The plaintiff first marketed the products bearing the trademark 'FUCICORT' in Denmark and Malaysia in 1987. The total sales of Fucicort products between 1998 and 2002 amounted to about US$1,310,500. B

[120] The sales volume of the plaintiff's 'FUCIDIN' products in Malaysia for the period between 1998 and 2002 was approximately US$6,010,700.

C

[121] The plaintiff organised and conducted and still organises and conducts numerous promotional campaigns targeted at doctors and pharmacists to promote 'FUCICORT' and 'FUCIDIN' products. It also participated as trade exhibitor during medical conferences and in health education and awareness programmes organised by pharmacies. Besides that, the plaintiff also produced brochures, posters, souvenir pens and other notes for distribution to doctors and pharmacists. 'FUCICORT' and 'FUCIDIN' are listed in MIMS, a complimentary publication containing essential prescribing information designed to be used as a handy reference for routine prescribing of pharmaceutical products available in Malaysia. D E

[122] The plaintiff's 'FUCIDIN' and 'FUCICORT' products enjoyed substantial market share as evidenced by the Malaysian Pharmaceutical audit conducted by the International Marketing Services Health (commonly known as IMS Health) which is an independent research organisation based in the USA. It provides business intelligence and strategic support for the pharmaceutical and healthcare industries. It conducts surveys and gathers data on the sales of drugs and pharmaceutical products. F

[123] In terms of market share, 'FUCIDIN' product has captured 36.2% and 36.3% respectively of the Malaysian market share for 'topical antibiotics and sulphonamides' in 2000 and 2001 respectively. G

[124] With regard to 'FUCICORT' product, its Malaysian market share for the relevant category of 'topical corticosteroids combinations' in 2000 and 2001 were 24.2% and 28.78% respectively. H

[125] The defendant has not launched any challenge on the evidence adduced in respect of the sale, advertising and promotion as well as the market shares of the FUCICORT and FUCIDIN products. However, the defendant argued that the plaintiffs trademarks are not distinctive but merely descriptive of the articles sold, as 'FUCIDIN' is derived from fusidic acid and verbally one cannot hear the difference between 'FUCIDIN' and 'Fusidic' ie a medicine containing fusidic acid. I

[126] The plaintiff relied on the plaintiff's long and monopolistic user of the two trademarks.

[127] This issue has been raised and considered earlier in relation to the defendant's counterclaim. Read with the same issue above, I would add that a descriptive word is one which contains a description. It is a common word used in ordinary parlance. 'Fucidin' and 'Fucicort' are not common words found in any ordinary dictionary. They are not ordinary descriptive words such as *'Office Cleaning' (found in Office Cleaning Services Ltd v Westminster Window & General Cleaners Ltd)* (1946) 63 RPC 39 (HL); or *'Memo Plus' in OZE Marketing Sdn Bhd v Twenty First Century Products Sdn Bhd* [1999] 4 MLJ 449 (HC); or *'Malted Malt' in Horlick's Malted Milk Company v Summerskill* (1916) 33 RPC 108 (CA).

[128] Even a descriptive word, through long usage, may acquire a secondary meaning and qualify as trademark. In *Legal and General Assurance Society Limited v Daniel* [1968] RPC 253, Lord Denning MR held, inter alia, that although the words 'Legal and General' are descriptive words, nevertheless they have acquired such a connotation, such a significance in business and elsewhere, that they have become especially associated with the plaintiff being less common, less descriptive, more specialised, and rarely used in combination except by the plaintiff.

[129] As the words 'General and Legal' could, through long usage, acquire the trademark signification, a fortiori, the two plainly undescriptive words of 'FUCIDIN' and 'FUCICORT' can certainly attain such a status. Further, 'FUCIDIN' and 'FUCICORT' have found their places in the authoritative dictionaries for medicines and pharmacopoeia for pharmaceutical industry and recognised by IMS Health and MIMS as plaintiff's trademarks (as contrast to an INN or a generic term). 'FUCIDIN' and 'FUCICORT' are the plaintiff's validly registered trademarks not only in Malaysia but in many countries in the world, indeed in more than 107 countries and Fucicort in more than 50 countries, including Denmark.

[130] Through the amount of sale and advertising expenses in Malaysia for 22 years, the plaintiff has thereby acquired the requisite reputation, as in *Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors* at p 370 (CA) (see also Christopher Wadlow, *The Law of Passing Off: Unfair Competition by Misrepresentation* (3rd Ed) paras 8–9).

[131] The reputation and fame of 'FUCIDIN' and 'FUCICORT' as the plaintiff's trademarks had been affirmatively established through the evidence of SP1 and SP3. There was no corresponding challenge by the defendant. I

therefore hold that, on a balance of probabilities, the plaintiff has successfully proved that 'FUCIDIN' and 'FUCICORT' are distinctive of the plaintiff. A

[132] The plaintiff has established the second element ie misrepresentation by reference to the defendant's two get-ups in the words 'Fusidic' and 'Fusi-corte'. It is an established principle of law that where the alleged passing off is based on the similarity of trademarks, the principles of comparison of the marks are the same as those arising under infringement of trademark (see P Narayanan, para 25.59 at p 739). B

[133] Evidence of actual deception is not necessary to establish the likelihood of deceit or confusion: *Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors* at p 371 (CA); *AG Spalding & Bros v AW Gamage Ltd* (1915) 32 RPC 273. C

[134] While it is true that the get-ups of the defendant's pharmaceutical products are different from the plaintiff's products, the trademarks are too similar. This is a case of passing off as the use of the words 'Fusidic' and 'Fusi-corte' by the defendant is calculated to lead to the belief that their business is in some way connected with the plaintiff's. D

E

[135] In relation to the third element ie damage, it is well settled that in a passing off action, the plaintiff does not have to prove that he has actually suffered damage by way of loss of business or in any other way. A probability is enough, so long as the damage is damage to him in his trade or business. In other words, it is damage to his goodwill in respect of that trade or business (see *HP Bulmer Ltd & Showerings Ltd v J Bollinger SA & Champagne Lanson Pere et Fils* [1976] RPC 79 at p 95 (CA) cited with approval in *The Scotch Whisky Association v Ewein Winery (M) Sdn Bhd* [1999] 6 MLJ 280 at p 302). F

G

[136] In *Seet Chuan Seng v Tee Yih Jia Foods Manufacturing Pte Ltd*, Gunn Chit Tuan CJ (Malaya) held, inter alia, that in an action for passing off, where the goods in question are in direct competition with one another, the court will readily infer the likelihood of damage to the plaintiff's goodwill through loss of sales and loss of exclusive use of his name (see also *Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors*). H

[137] In any event, in the instant case, the plaintiff has adduced sufficient evidence to show that it has suffered damage or there is a very high probability that it will suffer damage as a result of the defendant's infringing acts. The probable damage takes the following forms: I

(a) diversion of sale: the defendant's products were invariably offered and actually sold as the cheaper substitutes (or the generic versions) of the plaintiff's; and

(b) SP5, dispenser at a pharmacy in Kuantan, sold to the plaintiff's investigator SP2, the defendant's products as substitutes.

[138] SP3 testified that the plaintiff has suffered damage in terms of damage occasioned to the goodwill and reputation associated with the plaintiff's trademarks as well as in the reduction of market share of the plaintiff's FUCIDIN and FUCICORT products. The defendant has been riding on the goodwill and reputation of the plaintiff's trademarks to enhance the sale of the defendant's 'Fusidic' and 'Fusi-corte' products. No other products were offered as cheaper substitutes but the defendant's impugned products, probably due to the fact that it is always easier to promote a product which is nearer in terms of branding to a well-known brand.

[139] The prestige and exclusivity of the plaintiff's trademarks (which are the senior 'originator' marks in the industry) will be diminished by confusingly similar marks. An originator's mark should not be allowed to be equated with a trademark of a generic product. The continued use of the defendant's impugned marks, viz 'Fusidic' and 'Fusi-corte' which are indistinguishable from the plaintiff's trademarks, will inevitably lead to a situation where the defendant's generic products may be passed off, or confused or even worse, be equated with the plaintiff's originator products. The end result is the plaintiff's loss of exclusivity of the plaintiff's trademarks and an unfair advantage to the defendant.

[140] Loss of exclusivity of the plaintiff's trademarks has been recognized as a separate species of damage which will make up the tort of passing off (see *The Scotch Whisky Association v Ewein Winery (M) Sdn Bhd*, at p 280 per Abdul Hamid Mohamad J (later CJ Malaya) and P Narayanan, *Law of Trade Marks and Passing Off*). Although that case concerned the use of the geographical indication 'Scotch Whisky', I am of the view that the principle applies equally to the instant case, which involves trademarked goods.

CONCLUSION

[141] The plaintiff has proved its case of trademark infringement and passing off against the defendant, while the defendant has failed to prove its counterclaim. I therefore order that:

(a) The defendant be restrained by a permanent injunction from infringing the plaintiff's registered trademark 'FUCIDIN' (Trademark Registration No 85/04916) and 'FUCIORT' (Trademark Registration No M/90043) by the use thereof in the course of trade the trademarks 'AXCEL FUSIDIC' and/or 'AXCEL FUSI-CORTE' and/or any other marks confusingly similar to the said registered trademarks ('the infringing marks');

(b) The defendant be restrained by a permanent injunction from passing off or attempting to pass off or causing, enabling or assisting others to pass off pharmaceutical products not the pharmaceutical products of the plaintiff as and for the pharmaceutical products of the plaintiff by the use or in connection therewith in the course of trade of the marks 'AXCEL FUSIDIC' and/or 'AXCEL FUSI-CORTE' and/or any other marks comprising the word 'FUSIDIC' and/or 'FUSI-CORTE' and/or any colourable imitation thereof 'the infringing marks';

(c) The defendant whether acting by itself, its directors, officers, servants, or agents or any of them or otherwise howsoever do, within seven days from the date of this order, deliver up and surrender to the plaintiff's agents or any designated third party all pharmaceutical products and all containers, packaging materials, inserts, sign boards, advertisement materials, wrappers or other printed materials in the possession, custody or control of the defendant, the use of which bearing the infringing marks would be a breach of the aforesaid injunction;

(d) Unless otherwise agreed, an order that damages for infringement of trademark and passing off be assessed separately; and

(e) Costs to be taxed.

[142] After I have delivered the above judgment, the parties have arrived at an agreed quantum of damages under prayer (d) above, thereby dispensing with the proceedings for assessment thereof.

[143] The enormous efforts expended by the respective learned counsel deserve commendation, which I hereby place on record.

Plaintiff's action for infringement and passing off allowed with costs. Defendant's counterclaim dismissed with costs.

Reported by Andrew Christopher Simon